

SECRET EXEMPTED

15 April 1959

Iraq -- Background

BLOC ECONOMIC AND MILITARY AID

Economic Aid: The Soviet Union extended a \$137,000,000 economic credit to Iraq in early March. Under aid agreement, USSR will provide technical assistance and machinery for construction of 17 industrial enterprises. Soviet Union also will be involved in projects in fields of irrigation, transportation and development of mineral resources. Soviet experts and equipment have already begun arriving in Iraq.

Military Aid: Soviet Union concluded an arms deal [redacted]

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[redacted] with Iraq in early November 1958.

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Since then seven shipments of military equipment, usually land armaments, have been delivered to Baas. [redacted]

The Soviet-

[redacted] Iraqi arms deal involves jet aircraft, armor, artillery, infantry weapons, and small naval craft.

Trade and other Activities: Soviet Union, Communist China, and six of European satellites have already signed trade pacts with Iraq. Now, even Albania and North Vietnam are attempting to schedule talks on trade with Baghdad. According to pacts already concluded bloc exports to Iraq will far exceed their imports, suggesting Iraq will become a source of hard currency for bloc. Prior to July 1958 revolution Iraq received only two percent of its imports from bloc countries and exported even less to them.

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Bloc has made overtures to Iraq concerning development civil
air routes.

[redacted] Hungary and Czechoslovakia have already
submitted drafts of proposed civil air agreements to Baghdad.

v. Miscellaneous: 1968 Iraqi imports were \$260,000,000
exports were \$ 30,000,000
oil royalties were \$235,000,000

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